

Regular Session, 2011

HOUSE BILL NO. 306

BY REPRESENTATIVES RICHARD, BOBBY BADON, BALDONE, BURFORD, HENRY BURNS, TIM BURNS, CARMODY, CONNICK, GREENE, HARDY, HARRISON, HAZEL, HENDERSON, HENRY, HINES, HOWARD, HUTTER, LABRUZZO, LANDRY, LOPINTO, LORUSSO, MORRIS, NOWLIN, PEARSON, SCHRODER, SEABAUGH, SMILEY, GARY SMITH, JANE SMITH, TALBOT, TEMPLET, AND TUCKER

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

STATE EMPLOYEES: Requires certain reductions in the number of positions in the executive branch of state government

1 AN ACT

2 To enact R.S. 39:84.2, relative to reducing employment in the executive branch of state
3 government; to require the abolition of positions by certain units of government; to
4 require certain reductions in personnel expenditures and to provide for the executive
5 budget and supporting document to provide for such reductions; to provide
6 definitions and procedures; to provide for implementation and rules; to provide for
7 legislative oversight and reports; and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 39:84.2 is hereby enacted to read as follows:

10 §84.2. State Government Employment Reduction Program

11 A. Program established. The State Government Employment Reduction
12 Program is established to provide for a reduction in the number of positions of
13 employment in the executive branch of state government by a minimum of five
14 thousand positions during each of three successive fiscal years, beginning with Fiscal
15 Year 2011-2012 and to provide for a reduction in personnel expenditures of at least
16 five hundred million dollars by the beginning of the Fiscal Year 2014-2015. Such

1 reduction in positions and personnel expenditures shall be accomplished as provided
2 in this Section.

3 B. Definitions. (1) "Administrative head" shall mean the official within the
4 employment reduction unit who has the authority to abolish positions and cause the
5 preparation of reorganization studies and plans for the employment reduction unit.
6 If there is more than one such official within the employment reduction unit,
7 "administrative head" shall mean all such officials acting jointly for the employment
8 reduction unit.

9 (2) "Employment reduction unit" shall mean each of the following:

10 (a) Each of the twenty departments of the executive branch of state
11 government, including all offices, agencies, and governmental entities or units
12 included in each, shall constitute a separate employment reduction unit, except that
13 the Department of Education shall not include those entities included in
14 Subparagraph (b) of this Paragraph.

15 (b) The following postsecondary education entities shall each constitute a
16 separate employment reduction unit:

17 (i) The Board of Regents and all postsecondary education agencies and
18 entities that are not part of one of the postsecondary education systems of the state
19 shall constitute a separate employment reduction unit.

20 (ii) The Board of Supervisors of Louisiana State University and Agricultural
21 and Mechanical College and system offices and administration shall constitute a
22 separate employment reduction unit.

23 (iii) Except as provided in Items (iv) through (vii) of this Subparagraph, each
24 postsecondary education institution under the jurisdiction of the Board of
25 Supervisors of Louisiana State University and Agricultural and Mechanical College
26 shall constitute a separate employment reduction unit. For purposes of this Item,
27 "postsecondary education institution" also shall include but not be limited to the
28 Pennington Biomedical Research Center, the Louisiana State University Agricultural

Center, the Paul M. Hebert Law Center, and the Louisiana State University School of Veterinary Medicine.

(iv) Except as provided in Item (v) of this Subparagraph, the Louisiana State University Health Sciences Center at New Orleans, including the Health Care Services Division, shall constitute a separate employment reduction unit.

(v) Each medical center under the jurisdiction of the Louisiana State University Health Sciences Center at New Orleans shall constitute a separate employment reduction unit.

(vi) Except as provided in Item (vii) of this Subparagraph, the Louisiana State University Health Sciences Center at Shreveport shall constitute a separate employment reduction unit.

(vii) Each medical center under the jurisdiction of the Louisiana State University Health Sciences Center at Shreveport shall constitute a separate employment reduction unit.

(viii) The Board of Supervisors of Southern University and Agricultural and Mechanical College and system offices and administration shall constitute a separate employment reduction unit.

(ix) Each postsecondary education institution under the jurisdiction of the Board of Supervisors of Southern University and Agricultural and Mechanical College shall constitute a separate employment reduction unit.

(x) The Board of Supervisors for the University of Louisiana System and system offices and administration shall constitute a separate employment reduction unit.

(xi) Each postsecondary education institution under the jurisdiction of the Board of Supervisors for the University of Louisiana System shall constitute a separate employment reduction unit.

(xii) The Board of Supervisors of Community and Technical Colleges and the Louisiana Community and Technical College System offices and administration shall constitute a separate employment reduction unit.

1 (xiii) Each postsecondary education institution under the jurisdiction of the
2 Board of Supervisors of Community and Technical Colleges shall constitute a
3 separate employment reduction unit.

4 (c) The division of administration and all agencies and entities under the
5 jurisdiction of the division of administration, including but not limited to those
6 agencies placed in the governor's office by R.S. 36:4.1, shall constitute a separate
7 employment reduction unit.

8 (d) The office of the governor and all agencies and entities within the office
9 of the governor, excluding those included in Subparagraph (c) of this Paragraph,
10 shall constitute a separate employment reduction unit.

11 (e) The office of the lieutenant governor and all agencies and entities within
12 the office of the lieutenant governor, excluding the Department of Culture,
13 Recreation and Tourism, shall constitute a separate employment reduction unit.

14 (3) "Personnel expenditure reduction factor" means the factor or percentage,
15 as determined by the commissioner of administration pursuant to Subsection D of
16 this Section, by which one hundred sixty-six million six hundred sixty-six thousand
17 dollars shall be multiplied, as provided in Paragraph (F)(2) of this Section, in order
18 to determine the minimum annual personnel expenditure reduction required for each
19 employment reduction unit.

20 (4) "Position" means each authorized/appropriated position as provided in
21 the General Appropriation Act or as set by the commissioner of administration as
22 authorized by the General Appropriation Act.

23 (5) "Reduction factor" means the factor or percentage, as determined by the
24 commissioner of administration pursuant to Subsection C of this Section, by which
25 the number of positions in each employment reduction unit shall be multiplied to
26 determine the minimum number of positions by which the total number of positions
27 in the employment reduction unit shall be reduced as required by this Section.

28 C. Commissioner of administration; establishment of baseline numbers of
29 positions and reduction factors. (1) By not later than September 15, 2011, the

1 commissioner of administration shall establish the baseline number of positions for
2 each employment reduction unit and the reduction factor applicable to each
3 employment reduction unit.

4 (2) The commissioner of administration shall establish the baseline number
5 of positions for each employment reduction unit by determining the total number of
6 positions that were authorized and appropriated for each employment reduction unit
7 as of July 1, 2011.

8 (3) The commissioner of administration shall establish the reduction factor
9 for each employment reduction unit by determining the percentage of all authorized
10 and appropriated positions for the executive branch of state government as of July
11 1, 2011, that were authorized and appropriated for each employment reduction unit
12 on that date.

13 D. Commissioner of administration; establishment of baseline personnel
14 expenditures and personnel expenditure reduction factor. The commissioner of
15 administration shall establish baseline personnel expenditures by determining the
16 total expenditures related to personnel costs for all employment reduction units
17 contained in the executive budget and supporting document submitted for Fiscal
18 Year 2011-2012, including salaries, related benefits, and other compensation
19 charges, including but not limited to classified and unclassified salaries, wages,
20 overtime, students, and instructors. He shall determine the personnel expenditure
21 reduction factor for each employment reduction unit by determining the percentage
22 of baseline personnel expenditures that are attributable to personnel costs for each
23 employment reduction unit.

24 E. The executive budget and supporting document prepared in accordance
25 with R.S. 39:36 for the following fiscal years shall provide for a reduction from
26 baseline personnel expenditures as follows:

27 (1) For Fiscal Year 2012-2013, personnel expenditures shall be at least one
28 hundred sixty-six million six hundred sixty-six thousand dollars less than baseline
29 personnel expenditures.

1 (2) For Fiscal Year 2013-2014, personnel expenditures shall be at least three
2 hundred thirty-three million three hundred thirty-three thousand dollars less than
3 baseline personnel expenditures.

4 (3) For Fiscal Year 2014-2015, personnel expenditures shall be at least five
5 hundred million dollars less than baseline personnel expenditures.

6 F. Employment reduction required. (1) During each of the three successive
7 fiscal years beginning with Fiscal Year 2011-2012, the administrative head of each
8 employment reduction unit shall reduce the number of positions for the employment
9 reduction unit by abolishing a number of positions at least equal to five thousand
10 multiplied by the reduction factor for the employment reduction unit.

11 (2) During each of the three successive fiscal years beginning with Fiscal
12 Year 2011-2012, the administrative head of each employment reduction unit shall
13 take actions necessary to reduce personnel expenditures for the unit for the
14 subsequent fiscal year by an amount at least equal to the personnel expenditure
15 reduction factor for the unit multiplied by one hundred sixty-six million six hundred
16 sixty-six thousand dollars such that personnel expenditures for all budget reduction
17 units shall be in compliance with Subsection E of this Section.

18 G. Management to implement reduction. (1) The reduction of positions
19 required by Subsection F of this Section shall be accomplished by attrition only; that
20 is, each position abolished to accomplish the required reduction of positions shall be
21 a position that is vacant at the time it is abolished.

22 (2) The reduction of positions and personnel expenditures required by
23 Subsection F of this Section shall be accomplished without any reduction in the
24 quality or quantity of the work product of the employment reduction unit. If the
25 administrative head of the employment reduction unit determines that the required
26 abolition of positions and personnel expenditure reduction cannot be accomplished
27 without reducing the quality or quantity of the employment reduction unit's work
28 product, the administrative head shall so notify the governor and the commissioner
29 of administration. If so notified, the governor shall take such steps as are available

1 to him to assure that the required position and personnel expenditure reductions are
2 made without any reduction in quality or quantity of work product.

3 (3)(a) The administrative head of each employment reduction unit shall
4 accomplish the required reduction by planned reorganization and management. The
5 administrative head of each employment reduction unit shall conduct appropriate
6 reorganization studies and develop such reorganization plans as shall be necessary
7 to accomplish the abolition of at least the required number of positions and at least
8 the required personnel expenditure reduction without any reduction in the quality or
9 quantity of the work product of the employment reduction unit. Such studies and
10 plans shall address how the employment reduction unit will abolish positions and not
11 fill abolished positions while maintaining the quality and quantity of work product,
12 and shall address such matters as layers of management, span of control, clerical
13 staffing levels, unit consolidation, process reengineering, retraining for enhanced
14 skills, and headquarters staffing reductions.

15 (b) At a minimum, such reorganization studies and plans shall provide that:

16 (i) The administrative head of each employment reduction unit that has a
17 baseline number of positions in excess of three thousand shall reduce the number of
18 management layers to not more than six and reorganization plans for such units shall
19 detail how this is to be accomplished.

20 (ii) Each manager shall supervise no fewer than ten persons, except that for
21 highly technical or non-repetitive functions each manager shall supervise no fewer
22 than five persons and reorganization plans shall justify the necessity for a manager
23 to supervise fewer than ten persons.

24 (iii) Organizational entities within an employment reduction unit that have
25 two to five positions shall be consolidated into larger and more efficient entities.
26 Regional administration shall be consolidated to the extent possible. Position
27 reductions at central and regional headquarters of the employment reduction unit
28 shall exceed the number of position reductions that are not at central and regional
29 headquarters.

1 H. Implementation, including rulemaking. The commissioner of
2 administration shall provide for the implementation of this Section. The
3 commissioner of administration may promulgate such rules as shall be necessary to
4 provide for such implementation.

5 I. Legislative oversight. The Joint Legislative Committee on the Budget
6 shall oversee the implementation of this Section. Each employment reduction unit
7 shall submit reports at least annually to the committee and at such other times as the
8 committee may require. Such reports shall at a minimum include a summary of
9 findings of reorganization studies and provisions of reorganization plans, an account
10 of positions abolished and personnel expenditure reductions made, and such other
11 information as the committee may require.

12 J. In addition to the information required by R.S. 39:36 and 84.1 and R.S.
13 42:375.2, the executive budget for Fiscal Years 2012-2013 through 2015-2016 shall
14 include a summary of the annual employee and personnel expenditure reductions by
15 department and budget unit since Fiscal Year 2011-2012.

16 Section 2. This Act shall become effective upon signature by the governor or, if not
17 signed by the governor, upon expiration of the time for bills to become law without signature
18 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
19 vetoed by the governor and subsequently approved by the legislature, this Act shall become
20 effective on the day following such approval.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Richard

HB No. 306

Abstract: Establishes the State Government Employment Reduction Program to provide for reducing the number of employment positions in the executive branch of state government by at least 5,000 for each of three successive fiscal years, beginning with FY 2011-2012 and reducing personnel expenditures by \$500 million by FY 2014-2015. Provides relative to such program and implementation and oversight thereof.

Proposed law establishes the State Government Employment Reduction Program to reduce the number of employment positions in the executive branch of state government by a minimum of 5,000 positions for each of three successive fiscal years, beginning with FY

2011-2012. Also provides for a reduction of personnel expenditures by \$500 million by FY 2014-2015. Provides for such program as follows:

- (1) Requires that the commissioner of administration establish the baseline number of positions for each employment reduction unit and the reduction factor applicable to each employment reduction unit by not later than Sept. 15, 2011. Provides that the baseline number of positions is the total number of positions that were authorized and appropriated for each employment reduction unit as of July 1, 2011. Provides that the reduction factor is the percentage of all authorized and appropriated positions for the executive branch of state government as of July 1, 2011, that were authorized and appropriated for each employment reduction unit on that date.
- (2) Provides for reduction of positions in each employment reduction unit based on the proportion of total positions that are attached to each unit. Requires that for each of the three fiscal years beginning with FY 2011-2012, each employment reduction unit's administrative head shall reduce the baseline number of positions for the employment reduction unit by abolishing a number of positions at least equal to 5,000 multiplied by the reduction factor for the employment reduction unit.
- (3) Requires that the commissioner of administration establish baseline personnel expenditures by determining the total expenditures related to personnel costs for all employment reduction units contained in the executive budget and supporting document submitted for FY 2011-2012, including salaries, related benefits, and other compensation charges, including but not limited to classified and unclassified salaries, wages, overtime, students, and instructors. Provides that the personnel expenditure reduction factor for each employment reduction unit shall be determined by the percentage of baseline personnel expenditures that are attributable to personnel costs for each employment reduction unit.
- (4) Requires the administrative head of each employment reduction unit to reduce personnel expenditures for the unit during three successive fiscal years. Provides for the reduction in baseline personnel expenditures in the executive budget and supporting document for the following fiscal years by the amount indicated:
 - (a) For FY 2012-2013, personnel expenditures shall be at least \$166,666,666 less than baseline personnel expenditures.
 - (b) For FY 2013-2014, personnel expenditures shall be at least \$333,333,333 less than baseline personnel expenditures.
 - (c) For FY 2014-2015, personnel expenditures shall be at least \$500,000,000 less than baseline personnel expenditures.
- (5) Identifies each of the following as a separate employment reduction unit:
 - (a) Each of the 20 departments of the executive branch of state government, including all offices, agencies, and governmental entities or units included in each, except that the Dept. of Education shall not include those entities included in (b) below.
 - (b) Each of the following postsecondary education entities is a separate employment reduction unit:
 - (i) The Board of Regents and all postsecondary education agencies and entities that are not part of one of the postsecondary education systems of the state.
 - (ii) The LSU board of supervisors and system offices and administration.

- (iii) Except as provided in (iv) through (vii) below, each postsecondary education institution under the jurisdiction of the LSU board of supervisors. (Postsecondary education institution also shall include but not be limited to the Pennington Biomedical Research Center, the LSU Agricultural Center, the Paul M. Hebert Law Center, and the LSU School of Veterinary Medicine.)
- (iv) Except as provided in (v) below, the LSU Health Sciences Center at New Orleans, including the Health Care Services Division.
- (v) Each medical center under the jurisdiction of the LSU Health Sciences Center at New Orleans.
- (vi) Except as provided in (vii) below, the LSU Health Sciences Center at Shreveport.
- (vii) Each medical center under the jurisdiction of the LSU Health Sciences Center at Shreveport.
- (viii) The Southern University board of supervisors and system offices and administration.
- (ix) Each postsecondary education institution under the jurisdiction of the Southern University board of supervisors.
- (x) The University of La. System board of supervisors and system offices and administration.
- (xi) Each postsecondary education institution under the jurisdiction of the University of La. System board of supervisors.
- (xii) The Board of Supervisors of Community and Technical Colleges and La. Community and Technical College System offices and administration.
- (xiii) Each postsecondary education institution under the jurisdiction of the Board of Supervisors of Community and Technical Colleges.
- (c) The division of administration and all agencies and entities under the jurisdiction of the division of administration, including but not limited to those agencies placed in the governor's office by R.S. 36:4.1.
- (d) The office of the governor and all agencies and entities within the office of the governor, excluding those included in (c) above.
- (e) The office of the lieutenant governor and all agencies and entities within the office of the lieutenant governor, excluding the Dept. of Culture, Recreation and Tourism.
- (6) Defines terms, including:
 - (a) "Administrative head" – the official within the employment reduction unit who has the authority to abolish positions and cause the preparation of reorganization studies and plans for the employment reduction unit. If there is more than one, "administrative head" means all such officials acting jointly for the employment reduction unit.

- (b) "Position" – each authorized/appropriated position as provided in the General Appropriation Act or as set by the commissioner of administration as authorized by the General Appropriation Act.
- (7) Requires that the required reduction of positions shall be accomplished by attrition only, that is that each position abolished shall be a position that is vacant at the time it is abolished.
- (8) Also requires that the reduction of positions and personnel expenditures be accomplished without any reduction in the quality or quantity of the work product of the employment reduction unit. Requires the unit's administrative head to notify the governor and the commissioner of administration if he determines that the required abolition of positions and reduction of personnel expenditures cannot be accomplished without reducing the quality or quantity of the unit's work product. If so notified, requires the governor to take steps available to him to assure that the required reductions are made without any reduction in quality or quantity of work product.
- (9) Further requires the administrative head of each employment reduction unit to accomplish the required reduction by planned reorganization and management. Requires each such administrative head to conduct reorganization studies and develop reorganization plans necessary to accomplish required reductions without any reduction in the quality or quantity of the work product of the unit. Requires that such studies and plans address how the unit will abolish positions and not fill abolished positions while maintaining the quality and quantity of work product. Requires that such studies and plans address such matters as layers of management, span of control, clerical staffing levels, unit consolidation, process reengineering, retraining for enhanced skills, and headquarters staffing reductions. Requires that, at a minimum, such plans and studies provide for:
 - (a) Reduction of management layers to a maximum of six, for each employment reduction unit having a baseline number of positions in excess of 3,000. Requires the unit's reorganization plans to detail how this is to be accomplished.
 - (b) Supervision of no less than 10 persons by each manager, or not more than five for highly technical or non-repetitive functions. Requires reorganization plans to justify the necessity for a manager to supervise less than 10 persons.
 - (c) Consolidation of organizational entities within an employment reduction unit that have two to five positions into larger and more efficient entities and consolidation of regional administration to the extent possible. Requires that position reductions at central and regional headquarters of the employment reduction unit exceed the number of position reductions not at such headquarters.
- (10) Requires the commissioner of administration to provide for the implementation of proposed law and authorizes him to promulgate rules necessary therefor.
- (11) Requires the Joint Legislative Committee on the Budget to oversee implementation of proposed law. Requires that each employment reduction unit submit reports at least annually to the committee and at other times the committee requires, such reports at a minimum to include a summary of reorganization studies and plans, an account of positions abolished and personnel expenditure reductions, and other information the committee may require.

- (12) Requires that the executive budget contain a summary of actual employee and personnel cost reductions by department and budget unit since FY 2011-2012 for the Fiscal Years 2012-2013 through 2015-2016.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Adds R.S. 39:84.2)

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Appropriations to the original bill.

1. Changed the date for determining baseline personnel from June 30, 2011, to July 1, 2011.
2. Added provisions requiring the reduction in personnel expenditures by \$500 million by FY 2014-2015, phased in over three years.
3. Added requirement that the executive budget contain a summary of actual employee and personnel cost reductions by department and budget unit since FY 2011-2012 for the Fiscal Years 2012-2013 through 2015-2016.

House Floor Amendments to the engrossed bill.

1. Specified that the administrative head of each employment reduction unit is responsible for reducing the number of positions and personnel expenditures in each employment reduction unit.